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Subject: consultation paper 16/2016  
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sir

This is with reference to your above mentioned paper on use of USSD for mobile financial services. I am giving below my suggestions to some questions.

**Q: Which of the following methods is appropriate for prescribing the tariff for USSD based mobile banking?**

- (i) Cost-based tariff for outgoing USSD session for mobile banking; or
- (ii) Monthly (or periodic) subscription fee for the use of USSD for mobile banking services; or
- (iii) Any other method

The tariff for use of USSD in mobile banking should ideally be cost based as it is the only fair means to justify price and could be the basis for intervention by the regulator, if required. A monthly subscription fee will be an entry barrier for ordinary citizens. Besides, not being aware of the benefits, they will not be willing to pay USSD charges, thereby impacting services. A subscription fee model normally leads to a certain minimum charge payable by the subscriber which is against the interests of the consumer. It is a standard for enterprises to declare investment in capex and opex, based on which a pricing model can easily be created. More important, a sector which has great impact on public services must follow a transparent pricing model as the only to ensure adequate checks and balance.

**Q: Whether it would be appropriate to mandate the service providers to levy charges for USSD session for mobile banking only if the customer is able to complete his/her transaction? If yes, please describe the method to implement such an arrangement technically?**

The service provider will provision for use of USSD and cannot be held responsible for the success/ failure of a transaction unless it is due to a break in the session. A failed transaction could be due to multiple reasons, most of which would not be because of service provider and therefore a service provider must be compensated at the same rate, irrespective of the success or failure of a transaction.

**Q: Whether the present pricing model for USSD-based mobile banking in which consumers pay for the use of USSD should continue?**

Consumers are increasingly willing to pay for convenience as is evident from utility bill payments and even use of ATMs as in some countries. Early adopters, especially if they are semi-literate may not move without adequate incentives and therefore the present pricing model is inappropriate for today's India. If the Government would like to encourage the use of USSD, the burden of charges must rest with the bank, atleast for the foreseeable future.

**Q: In case your response to the Q6 is in the negative, what should be alternative pricing models? Please provide justification in support of your response.**

Pricing for USSD should be left to the market. The regulator can independently assess the pricing model based on capex, opex data shared by service providers but should intervene only if the charges are unreasonable.

**Q: Keeping in view the concerns raised by the TSPs, whether there is a need for allowing USSD push sessions when customer-initiated USSD session is dropped due to some reason so that the customer can complete his/her unfinished transaction? Please support your response with justifications.**

USSD push sessions initiated by a bank must be permitted. as much flexibility as is technically possible must be available for the successful launch of applications that will ride on mobile banking services to provide convenience to the citizen. As regards QoS, it is ultimately the responsibility of the service provider to manage quality and USSD can be no different.

**Q: Whether it would be appropriate to allow all variety of mobile payment services apart from the mobile banking services on the existing USSD Aggregation platform(s)? Please support your response with justification.**

In the rapidly changing space of mobility, restrictions in use of USSD will hamper development. In the long term it is in the interest of the country to allow all variety of mobile payment services subject of course to relevant regulation. Imagine if data services were limited to the use of mail and user sessions only, many of the most popular applications we use today would never have met with such phenomenal acceptance.

regards

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